



MEMORANDUM

TO: MEMBERS OF THE ICOC GOVERNANCE SUBCOMMITTEE

FROM: ALEXANDRA CAMPE DEGG, CHIEF HUMAN RESOURCES OFFICER

SUBJECT: COMPENSATION POLICY CHANGES

DATE: DECEMBER 2, 2015

INTRODUCTION

AS PART OF THE CORE 2.0 REVIEW, CIRM IS PROPOSING CHANGES TO THE COMPENSATION POLICY AND THE RELOCATION ALLOWANCE POLICY TO ADDRESS RECRUITMENT AND RETENTION CHALLENGES AT CIRM. FOR CIRM TO BE AS EFFICIENT AND EFFECTIVE AS POSSIBLE, THE PRESIDENT NEEDS TO BE ABLE TO BRING NEW EMPLOYEES IN AT ANY LEVEL OF THE SALARY RANGE WITHOUT PRIOR APPROVAL TO ENSURE FAST TURNAROUND OF EMPLOYMENT OFFERS TO MAXIMIZE RECRUITMENT EFFORTS. ONE OF THE PERFORMANCE AUDIT RECOMMENDATIONS WAS TO "DEVELOP A SLATE OF OPERATIONAL PERFORMANCE MEASURES ALIGNED WITH CIRM'S STRATEGIC PLAN AND REPORT REGULARLY TO THE ICOC". CIRM HAS BEEN REVIEWING ALL OF ITS ADMINISTRATIVE POLICIES TO ASSESS WHETHER THE POLICY MEETS CIRM 2.0 EXPECTATIONS AND STANDARDS. AS PART OF THIS REVIEW, THE COMPENSATION POLICY AND THE RELOCATION POLICY WERE FOUND TO BE INCONSISTENT WITH THE GOALS OF BEING EFFICIENT AND EFFECTIVE IN THE EMPLOYMENT OF AVAILABLE RESOURCES BECAUSE THEY HINDER CIRM'S RECRUITMENT EFFORTS.

WE HAVE PROVIDED YOU A COPY OF THE PROPOSED CHANGES TO THE COMPENSATION POLICY AND THE RELOCATION ALLOWANCE POLICY.

RECOMMENDATION

RECOMMEND GOVERNANCE SUBCOMMITTEE APPROVAL OF THE PROPOSED CHANGES TO THE COMPENSATION POLICY AND RELOCATION ALLOWANCE AS DESCRIBED IN THE ATTACHMENT TO THIS MEMORANDUM AND REQUEST THE GOVERNANCE SUBCOMMITTEE AND THE ICOC GOVERNING BOARD DELEGATE RESPONSIBILITY TO THE PRESIDENT OF CIRM FOR COMPENSATION DECISIONS CONSISTENT WITH THE POLICIES.

ATTACHMENT

COMPENSATION PROGRAM FOR CIRM STAFF

Merit Pay Plan

- A merit funding pool of 0-5% annually for salary levels 1-9 only effective July 1 of each year.
- No employee shall receive more than a 5% merit increase in any one fiscal year.
- A merit increase will be determined through a documented Performance Review by the individual's supervisor.
- An individual whose performance is judged less than satisfactory would not be recommended for a merit increase.
- A merit non-base building lump sum increase may be implemented in lieu of a merit base building increase.
- A completed Performance Review must be on file within the last twelve months to receive a merit increase.
- An employee must be on CIRM payroll at least six months prior to the date of the merit increase or by December 31 of each year unless an exception is made by the President or his designee.
- A merit increase shall not put an employee above the salary range without prior approval by the ICOC.

Cost of Living Adjustment

- A COLA (Cost of Living Adjustment) based on the Consumer Price Index-California (San Francisco Oakland San Jose) for salary levels 1-9 may be offered annually to employees in salary levels 1-9 and will be effective as of July 1 of each fiscal year.
-

Performance Awards

- Performance Awards shall be funded annually from a 1% appropriation of staff salaries as of July 1 of each fiscal year for salary levels 1-9.
- Performance Awards will be used to recognize exceptional staff contribution on a team or a project over a period of time that is significantly above and beyond one's regular duties and responsibilities.
- Criteria for the Performance Award will be approved by the President or his designee
- Performance Award funding that is not used in a plan year will not rollover into the next fiscal year.
- A Performance Award is a onetime non-base building pay increase.

Salary Range Adjustment

- The salary ranges may be adjusted annually with the start of the fiscal year based on the Consumer Price Index-California (San Francisco Oakland San Jose).
- A salary range adjustment should address local labor market trends as well as recruitment and retention issues.
- This adjustment will not result in an automatic increase for an employee unless he/she falls below the new minimum of the salary range.

Guidelines for Promotion, Merit, Equity and COLA Adjustments

- An employee's total salary increase(s) in any fiscal year shall not exceed 15% of base pay unless approved by the President.
- Increases include all base building monetary increases such as merit, COLA, promotional, and equity increases.
- The President may approve compensation changes for employees within the salary ranges for all levels.
- **An employee shall not be paid outside the salary range unless approved by the ICOC.**
- All increases must be approved in writing by the President or his designee.

APPROVED BY THE ICOC BOARD AT THE JANUARY 17, 2008 MEETING AND
UPDATED AT THE JUNE 23, 2010 ICOC BOARD MEETING.

CIRM RELOCATION ALLOWANCE POLICY

Under Health & Safety Code section 125290.45(b), the ICOC has the authority to set compensation for CIRM employees within the range of compensation levels for similar positions at the institutions from which members of the board are appointed. This provision was intended to give the ICOC the flexibility to recruit candidates on a competitive basis with other scientific and medical research institutions in California. Because of California's high cost of living, recruiting candidates from out-of-state can be challenging. For this reason, the University of California, as well as other universities and nonprofit research institutions in California, offer various forms of compensation, including a relocation allowance, to address this cost of living differential. In order to compete with other scientific and medical research institutions in California for the highest quality candidates, CIRM would like to have the ability to offer a relocation allowance under limited circumstances to out-of-state candidates. CIRM therefore requests that the Governance Subcommittee approve the following policy, which is modeled closely upon the University of California's relocation allowance policy, for consideration by the ICOC:

The President of CIRM, as part of his authority to recruit staff, shall have the authority to offer a "relocation allowance" under limited circumstances. . Relocation allowances are not intended to offset the actual costs of moving from one location to another.

Eligibility for a relocation allowance is limited to individuals who, at the time of recruitment, live outside of the State of California, and who are being recruited to fill a position at CIRM salary level 6 through 10.

The total value of a relocation allowance shall not exceed 25% of the employee's annualized base salary, or \$75,000, whichever is less.

If the relocation allowance is 10% or less of the employee's annualized base salary and no more than \$25,000, it shall be payable no later than the end of the third pay period following the employee's start date at CIRM.

If the relocation allowance is between 10.01% and 25%, it shall be paid on an annual basis, over a four-year period, with 40% paid at the end of the first year, 30% at the end of the second year, 20% at the end of the third year, and 10% at the end of the fourth year.

If the employee leaves CIRM before completing a full year of employment, he or she shall repay the relocation allowance he or she has received in full.

Relocation allowances shall be included in the individual's gross income but shall not be considered salary for the purposes of the employee's participation in the California Public Employees' Retirement System. For purposes of computing total gross income the relocation allowance will not be included as compensation subject to the Governance Subcommittee or Board approval but relocations will be reported to the Board.

All relocation allowances approved pursuant to this policy must be reported to the ICOC and the public at the next ICOC meeting following the appointment of the employee.